



935 N. Washington Avenue
Lansing, MI 48906
517-372-5374 Fax 517-482-4599
www.micounties.org
Timothy K. McGuire, Executive Director

Sept. 20, 2016

Sen. Ken Horn
Chairman
Senate Committee on Economic Development and International Investment
Farnum Building, Room 210
Lansing, MI 48909

Dear Sen. Horn,

For nearly 50 years, downtown development authorities (DDAs) and related tax increment financing authorities have captured county (and other local unit) tax dollars to make investments. Much good work has been done in many communities with these resources.

Unfortunately, as MAC and others have detailed, state law has not ensured proper transparency and oversight of these districts. Further, previous legislative action has created a bifurcated and, frankly, illogical system in how these "tax capture" districts operate. While those formed since the mid-1990s have had to seek county approval for capture of county dollars, those formed under the original 1970s law do not.

Each day, this means DDAs are capturing vital revenues meant for broad public services without the consent of the duly elected county authorities.

While we appreciate your efforts to improve transparency and data collection on how these districts spend the dollars they divert from basic public services, the real reform rests in ensuring collaboration among local entities.

Therefore, we recommend a simple addition to your legislation, Senate Bill 1026, to immediately address a particularly damaging practice of DDAs: the capture of voter-approved special millages.

These millages raise money for specific and discrete public functions, such as services to senior citizens, support for indigent veterans and public safety and road improvements. Yet, under current law, DDAs can keep the funds raised by these levies on properties inside their boundaries. These captures directly thwart the will of the people, as expressed at the ballot box.

Michigan's 83 counties stand ready to work with the state, other local units of government and special investment districts to craft an economic development policy that is collaborative, transparent and effective for all. While improved transparency and a ban on the capture of special millages are not the entirety of the reforms Michigan needs, they are a good beginning.

Respectfully yours,

Timothy K. McGuire
Executive Director